



7710-12

POSTAL SERVICE

39 CFR Part 111

Proposed Changes to Validations for Intelligent Mail Package Barcode

AGENCY: Postal Service™.

ACTION: Proposed rule.

SUMMARY: The Postal Service is proposing to revise the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®), to add new Intelligent Mail® package barcode (IMpb) validations for evaluating compliance with IMpb requirements for all mailers who enter commercial parcels.

DATES: Submit comments on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Mail or deliver written comments to the manager, Product Classification, U.S. Postal Service, 475 L'Enfant Plaza SW, Room 4446, Washington, DC 20260-5015. If sending comments by email, include the name and address of the commenter and send to ProductClassification@usps.gov, with a subject line of "Intelligent Mail Package Barcode Validations." Faxed comments are not accepted. You may inspect and photocopy all written comments, by appointment only, at USPS® Headquarters Library, 475 L'Enfant Plaza SW, 11th Floor North, Washington, DC, 20260. These records are available for review on Monday through Friday, 9 am - 4 pm, by calling 202-268-2906.

FOR FURTHER INFORMATION CONTACT: Direct questions or comments to Juliaann Hess at jsanders.hess@usps.gov or (202) 268-7663.

SUPPLEMENTARY INFORMATION: The Postal Service is proposing to update IMpb requirements relative to Compliance Quality Validations for Thresholds, Address Quality, Shipping Services File Manifest Quality, and Barcode Quality. These proposed validations would allow the Postal Service to further improve service, tracking, visibility, and positive customer experiences along with better identifying noncompliant mailpieces.

Technical and in-depth IMpb guidance is available in Publication 199, *Intelligent Mail Package Barcode Implementation Guide for: Confirmation Services and Electronic Verification System Mailers*, which is conveniently located on the PostalPro website at <https://postalpro.usps.com>. This publication would be updated to reflect all adopted changes.

Background

On December 18, 2013, in a notice of final rulemaking (78 FR 76548-76560), the Postal Service announced that mailers who enter commercial parcels must adhere to the following: IMpb must be used on all commercial parcels; piece-level information must be submitted to the Postal Service via an approved electronic file format (except for mailers generating barcodes for use on return services products, such as MRS); and electronic files must include the complete destination delivery address and/or an 11-digit Delivery Point Validation (DPV[®]) ZIP Code[®] for all records, except for Parcel Return Service, a ZIP+4[®] Code is required to be encoded into the barcode for all returns products.

Since IMpb requirements were implemented, the Postal Service has made significant advances with its package strategy. Use of IMpbs continues to be the critical bridge between physical packages and the digital information required to

enable world class service, tracking, visibility, and positive customer experiences. Barcode intelligence along with the corresponding digital data captured through in-transit processing and delivery scans are fundamental requirements in the shipping market. The data have enabled the Postal Service and its customers to enhance products, improve customer satisfaction, increase efficiencies, provide greater visibility, integrate with eCommerce and supply chain systems, enhance performance and analytics tools, and generate actionable business insights for better decisions.

In January 2015, the Postal Service required that all parcels with an IMpb be accompanied by the complete destination delivery address or an 11-digit ZIP Code (validated by the DPV System, or an approved equivalent) in the Shipping Services File or other approved electronic documentation. This information is critical to the Postal Service package strategy, the dynamic routing process that enable package distribution without scheme-trained employees, improving the customer's experience, and enhancing business insights and analytics.

In January 2016, the Postal Service began measuring the quality of mailer compliance for the newly introduced IMpb Compliance Quality Category with data validations to determine the IMpb Compliance Assessment criteria as follows: Address Quality, Manifest Quality, and Barcode Quality. Then, in July 2017, the Postal Service began assessing mailers with a \$0.20 IMpb Noncompliance Fee for commercial, competitive parcels (Priority Mail, Priority Mail Express, First-Class Package Service, Parcel Select and Parcel Select Lightweight) that did not meet the established thresholds for one or more IMpb Compliance Quality Categories. For customers using the Electronic Verification

System (eVS[®]), the Postal Service assessed the fee based on the individual mail class or aggregate compliance performance, whichever results in the lowest financial impact to the customer. The fee is not assessed on packages when a price adjustment results in single-piece pricing.

As of January 21, 2018, addresses and products for Puerto Rico or that contain an Open & Distribute Service Type Code were eliminated from all Address Quality validations.

Proposal Overview

Intelligent Mail Package Barcode Quality Requirements

This section provides an overview of the IMpb Compliance Quality Validation and Threshold requirements that the Postal Service is proposing to revise. As indicated in the table that follows, on July 1, 2018, and February 1, 2019, the Postal Service would begin assessing quality using the newly proposed thresholds.

If commercial, competitive parcels consisting of Priority Mail, Priority Mail Express, First-Class Package Service, Parcel Select, and Parcel Select Lightweight exceed the compliance thresholds outlined below, a \$0.20 IMpb Noncompliance Fee would be assessed for each piece. This fee would only be assessed on the number of pieces that fall below the threshold according to the following examples:

- Example 1: In the case of 100 pieces being shipped, if 98 pieces are in compliance, no pieces would be charged the \$0.20 per-piece fee.

- Example 2: In the case of 100 pieces being shipped, if only 90 pieces are in compliance, 8 pieces would be assessed the \$0.20 per-piece fee.

If the threshold for more than one category is not met, the fee is assessed based on the IMpb Compliance Quality threshold that yields the greatest number of noncompliant pieces. The fee is charged only once per noncompliant mailpiece and is only applicable to the following competitive parcels: Priority Mail, Priority Mail Express, First-Class Package Service, Parcel Select, and Parcel Select Lightweight.

Intelligent Mail Package Barcode Compliance Quality Categories, Validations and Thresholds				
Compliance Categories	Compliance Codes	Validations	July 2018 Thresholds	February 2019 Thresholds
Address Quality Checks for a timely address that validates to a unique 11 Digit DPV	AQ	Must include a full, valid destination delivery address that has sufficient quality to yield an 11-digit ZIP Code that matches the delivery point in the file as follows: <ul style="list-style-type: none"> ▪ Valid secondary address information. ▪ Match between address to ZIP+4 Code. ▪ Includes street number. ▪ Valid primary street number. Customers using eVS must provide the address information prior to the Arrival at Unit (07) Event Scan and non-eVS customers at the time of mailing.	89	TBD
Manifest Quality (Shipping Services File) Checks for a timely Manifest File that passes 4 critical validation criteria	MQ	Entry facility must match between scan and manifest. Valid PO of Account ZIP Code (Where account is held for payment). Valid Payment Account (Permit Number). Valid Method of Payment (Permit, Federal Agency, PC Postage, Smart Meter, Other Meter, or Stamps).	94	94
Barcode Quality	BQ	Valid and Certified Mailer ID in the label that is in Program Registration/	98	98

Checks the Barcode in the manifest that passes 2 critical validations		Online Enrollment IMpb must be unique for 120 days.		
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Address Quality

The Postal Service proposes to update the threshold for the Address Quality IMpb requirements described in this section. If destination delivery address information is included in the Shipping Services File or Shipping Partner Event File, the address elements must be complete and have sufficient quality to yield an 11-digit ZIP Code that matches the delivery point. Address Quality measures the percentage of addresses that contain sufficient information to validate to the 11-digit DPV ZIP Code when matched against the Address Management System (AMS) database.

Destination delivery addresses would be compared against the AMS database for accuracy and the ability to be validated to the 11-digit DPV ZIP Code representing the finest depth of code for the delivery point (including secondary information such as the apartment or suite number). If the delivery address of a package or mailpiece does not result in an exact match, an Address Quality noncompliance indicator would be assigned for any of the following reasons:

- Invalid secondary address.
- No match between the address and the ZIP+4 Code.
- Missing street number.
- Invalid primary street number.

In addition, for eVS customers, an Address Quality noncompliance indicator would be assigned when the address information is not received before the Arrival at Post Office (07) scan event and when the address information is not present at the time of mailing.

In July 2018, the Address Quality threshold would remain at 89 percent. If mailpieces fail to meet the compliance threshold of 89 percent, customers would be assessed the IMpb Noncompliance Fee of \$0.20 per piece for competitive parcels only. However, the Postal Service provides notice of its intent to collaborate with the mailing industry to increase the Address Quality threshold beginning on January 1, 2019, with mailpieces assessed on February 1, 2019.

Manifest Quality (Shipping Services File)

In accordance with this proposed rule, the Shipping Services File manifests must be received timely or each mailpiece on the file would be noncompliant. For customers who do not use eVS, the Shipping Services Files must be transmitted to the Postal Service prior to the physical entry of the mailing for acceptance. Customers who use eVS are required to transmit the Shipping Services File prior to the Arrival at Post Office (07) scan event unless the address information was provided via the Shipping Partner Event File prior to the Arrival at Post Office (07) scan event. If the address is provided in the Shipping Partner Event File before the Arrival at Post Office (07) scan event, the mailer must transmit the Shipping Services File prior to 23:59 on the date of mailing. Mailpieces that do not have a Shipping Services File record or have an untimely record would be noncompliant and receive a Manifest Quality validation noncompliance code.

Manifest Files would have to pass the following four validation criteria:

- **Entry Facility ZIP Code:** The entry facility ZIP Code in the Shipping Services File must match physical scan event at location.
- **Payment Account Number:** The USPS account number from which the mailing will be paid must be valid.
- **Method of Payment:** The approved payment method must be valid (permit imprint, postage meter, PC Postage, OMAS, franked mail, and stamps) for the mail being entered.
- **Post Office of Account:** The 5-digit ZIP Code of the Post Office issuing the permit number, meter license, or precancelled stamp must be valid and agree with the information on the postage statement.

Also, the Transaction ID (TID) is already required. However, when the TID is used in conjunction with the Payment Account Number, Method of Payment, and Post Office of Account, it enables the Postal Service to calculate IMpb compliance for each mailing at the postage-statement level for non-eVS customers. If any field is missing or inaccurate, a Manifest Quality IMpb Compliance Quality indicator would be assigned.

In addition, in July 2018, the Manifest Quality threshold would be increased from 91 percent to 94 percent. If mailpieces fail to meet the compliance threshold of 94 percent, customers would be assessed the IMpb Noncompliance Fee of \$0.20 per piece for competitive parcels only.

Barcode Quality

Barcode Quality is essential to create the digital trail that adds intelligence and enables business insight from parcels traveling through the Postal Service network, which leads to innovation and growth. Therefore, when manifests are processed by the Postal Service, Barcode Quality would continue to be measured under the following standards:

- IMpb(s) must pass the Uniqueness and Mailer Identification validations without errors or warnings.
- The IMpb must be unique for 120 days from the date of the first event record posted to the Postal Service's database.
- The IMpb must include a valid Mailer Identification that is properly registered in the Postal Service's Customer Registration Online Enrollment System.
- IMpb(s) that fail the Uniqueness and Mailer Identification validations will be assigned a Barcode Quality noncompliance code and such pieces would be counted against the threshold.

In addition, in July 2018, the Barcode Quality threshold would be increased from 95 percent to 98 percent. If mailpieces fail to meet the compliance threshold of 98 percent, customers would be assessed the IMpb Noncompliance Fee of \$0.20 per piece for competitive parcels only.

Public Participation

Although the Postal Service is exempt from the notice and comment requirements of the Administrative Procedure Act (5 U.S.C. 553(b), (c)) regarding proposed rulemaking by 39 U.S.C. 410(a), the Postal Service invites public comments on the following proposed revisions to *Mailing Standards of the United*

States Postal Service, Domestic Mail Manual (DMM), incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

For the reasons stated in the preamble, the Postal Service proposes to amend 39 CFR part 111 as follows:

PART 111 — [AMENDED]

1. The authority citation for 39 CFR part 111 continues to read as follows:

Authority: 5 U.S.C. 552(a); 13 U.S.C. 301-307; 18 U.S.C. 1692-1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.

2. Revise the following sections of *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), as follows:

***Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM)**

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200 Commercial Letters, Flats, and Parcels Design Standards

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204 Barcode Standards

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2.0 Standards for Package and Extra Service Barcodes

2.1 Intelligent Mail Package Barcode

2.1.1 Definition

[Amend 204.2.1.1 by revising the third and fifth sentences to read as follows:]

* * * Intelligent Mail package barcodes must be used on all commercial parcels and on other mailpieces requesting extra services. * * * Electronic files must include a complete destination delivery address (which has sufficient quality to yield an 11-digit ZIP Code that matches the delivery point) and/or a delivery point validation (DPV) 11-digit Code for all records in the file. * * *

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2.1.3 Barcode Data Fields

[Revise the final sentence of the introductory paragraph for 204.2.1.3 as follows:]

* * * Detailed specifications are provided in Publication 199 and available on PostalPro at <https://postalpro.usps.com>:

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2.1.7 Electronic File

[Amend 204.2.1.7 by revising the introductory paragraph and item d as follows:]

All mailers generating Intelligent Mail package barcodes must transmit piece-level information to the USPS in an approved electronic file format (except for mailers generating barcodes for use on return services products, such as MRS). Specifications for electronic files are available in Publication 199 on PostalPro at <https://postalpro.usps.com>. Electronic files must include the following elements:

* * * *

- d. Version 1.6 (or subsequent versions) of the electronic Shipping Services manifest files including each destination delivery address or ZIP+4 Code. Shipping Services File manifests or other approved electronic documentation, must include the destination delivery address (that has sufficient quality to yield an 11-digit ZIP Code that matches the delivery

point) or delivery point validation (DPV) 11-digit ZIP Code for each record in the file.

[Amend 204.2.1.8 by revising the title and contents as follows:]

2.1.8 Compliance Quality Thresholds

All mailers who enter commercial parcels must meet the established thresholds for the IMpb Compliance Quality Categories outlined in Exhibit 2.1.8 to avoid an IMpb Noncompliance Fee. For details, see Publication 199 available on PostalPro at <http://postalpro.usps.com>.

Exhibit 2.1.8 IMpb Compliance Quality Thresholds

Compliance Categories	Compliance Codes	Validations	Compliance Thresholds
Address Quality Checks for a timely address that validates to a unique 11 Digit DPV	AQ	Must include a full, valid destination delivery address that has sufficient quality to yield an 11-digit ZIP Code that matches the delivery point in the file as follows: <ul style="list-style-type: none"> Valid secondary address information. Match between address to ZIP+4 Code. Includes street number. Valid primary street number. Customers using eVS must provide the address information prior to the Arrival at Unit (07) Event Scan and non-eVS customers at the time of mailing.	89
Manifest Quality (Shipping Services File) Checks for a timely Manifest File that passes 4 critical validation criteria	MQ	Entry facility must match between scan and manifest. Valid PO of Account ZIP Code (Where account is held for payment). Valid Payment Account (Permit Number). Valid Method of Payment (Permit, Federal Agency, PC Postage, Smart Meter, Other Meter, or Stamps).	94
Barcode Quality Checks the Barcode in the manifest that passes 2	BQ	Valid and Certified Mailer ID in the label that is in Program Registration/ Online Enrollment IMpb must be unique for 120 days.	98

critical validations			
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[Amend 204.2.1. by adding new 204.2.1.9 as follows:]

2.1.9 Alternate Approval

Labels not meeting IMpb specifications or other label element standards, but are still able to demonstrate acceptable functionality within USPS processes, may be allowed using an alternative approval process authorized by the Vice President, Enterprise Analytics (See DMM 608.8.1 for address).

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210 Commercial Mail Priority Mail Express

213 Prices and Eligibility

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3.0 Basic Eligibility Standards for Priority Mail Express

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3.2 IMpb Standards

[Revise 213.3.2 by modifying the last two sentences as follows:]

* * * Unless otherwise excepted, mailpieces not meeting the requirements for use of unique Intelligent Mail package barcodes or extra services barcodes as outlined in section 204.2.1.8 and Publication 199 will be assessed an IMpb noncompliance fee. For details, see the PostalPro website at <https://postalpro.usps.com/node/782>.

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220 Commercial Mail Priority Mail

223 Prices and Eligibility

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3.0 Basic Eligibility Standards for Priority Mail

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3.2 IMpb Standards

[Revise 223.3.2 by modifying the last sentence as follows:]

* * * Unless otherwise excepted, mailpieces not meeting the requirements for use of unique Intelligent Mail package barcodes or extra services barcodes as outlined in section 204.2.1.8 and Publication 199 will be assessed an IMpb noncompliance fee. For details, see the PostalPro website at <https://postalpro.usps.com/node/782>.

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250 Commercial Mail Parcel Select

253 Prices and Eligibility

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3.0 Basic Eligibility Standards for Parcel Select Parcels

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3.3 IMpb Standards

[Revise 253.3.3 by modifying the last sentence as follows:]

* * * Unless otherwise excepted, mailpieces not meeting the requirements for use of unique Intelligent Mail package barcodes or extra services barcodes as outlined in section 204.2.1.8 and Publication 199 will be assessed an IMpb noncompliance fee. For details, see the PostalPro website at <https://postalpro.usps.com/node/782>.

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280 Commercial Mail First-Class Package Service — Commercial

283 Prices and Eligibility

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3.0 Basic Eligibility Standards for First-Class Package Service — Commercial

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3.4 IMpb Standards

[Revise 283.3.4 by modifying the last two sentences as follows:]

* * * Unless otherwise excepted, mailpieces not meeting the requirements for use of unique Intelligent Mail package barcodes or extra services barcodes as outlined in section 204.2.1.8 and Publication 199 will be assessed an IMpb noncompliance fee. For details, see the PostalPro website at <https://postalpro.usps.com/node/782>.

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600 Basic Standards For All Mailing Services

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608 Postal Information and Resources

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8.0 USPS Contact Information

8.1 Postal Service

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[Revise 608.8.1 by adding Enterprise Analytics in alphabetic order as follows:]

Enterprise Analytics

US Postal Service

475 L'Enfant Plaza SW Room 2100

Washington DC 20260-2100

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We will publish an appropriate amendment to 39 CFR part 111 and
Publication 199 to reflect these changes, if our proposal is adopted.

Ruth B. Stevenson,

Attorney, Federal Compliance.

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